

May 19, 1983

LB 27

CLERK: Mr. President, LB 27 was introduced by . . .

PRESIDENT: Could we have order please, I can't hear. Go ahead, Mr. Clerk.

CLERK: Was introduced by, Mr. President, Senator Warner. (Read title of LB 27) The bill was read on January 6th and referred to the Revenue Committee. The bill was considered by the Legislature, Mr. President, on May 17th of this week. There are committee amendments pending. There were amendments offered by Senator Hefner to the committee amendments that were adopted, Mr. President. I now have pending an amendment by Senator Newell to the committee amendments.

PRESIDENT: Senator Newell we are ready for consideration of your proposed amendment to the committee amendment on LB 27.

SENATOR NEWELL: As I recall where we left this bill, two days ago, my amendment which requires a 50% increase in the corporate income tax to try to create some sense of justice in the way our tax system works, may not be as appropriate as I once thought it was. It looks to me like yesterday this Legislature in its infinite wisdom made a decision to raise the corporate income tax again. We are working at the 50% increase kind of in our own little way. I almost have a feeling that they may try to cut this down to 30% because frankly by the time this Legislature finishes doing what I think are irresponsible acts, here at the last few minutes, we are going to have a 22% increase especially if LB 27 should pass. Let me just explain what I am talking about. LB 27 is proposed to leave the corporate income tax at 18%. Now we all know that our budget is based on a 20% income tax and a 3½% sales tax, with this one exception. We are going to raise an additional half percent from the sales tax to deal with cash flow. So that really means that the state tax will be 4% on sales, 20% on income, except, now we start doing the last minute things, except for the fact that we have increased, by our actions yesterday, of paying back a \$21 credit, we are going to require another increase of 1%. So our corporate income tax is going to go to 21%. Now, that is if we do nothing. If LB 27 should pass, that takes eight million out to get to 20 and then another four when you go to 21 so that reduces the budget by 12. So with LB 27 what we will be doing is that we will be saying because we don't want to tax the corporations, they should be treated special, they should be treated different, we should only soak the average ~~tax~~ payer, with the additional sales tax, additional income tax, but the reduction, now I want you to